Talking Points on Subrogation
Sun-Herald editorial board
February 1, 2007

- As is obvious from recent events, it now looks like many residents of the Coast, including recipients of grants under the Homeowner's Grant Program, will be receiving additional payments from their insurance company

- The purpose of Phase 1 of the Homeowner's Grant Program was to provide assistance to homeowners outside the flood plain whose insurance did not cover structural flood damage.

- It was always the intent of the program that if insurance companies would pay, then insurance -- not taxpayers -- should be the payer.

- We also wanted the program to treat those who settled with their insurance company prior to grant closing the same as those who settled after grant closing.

- Consistent with these policies, each grant recipient signed a subrogation agreement giving the Mississippi Development Authority the right to (under certain circumstances) offset future insurance payments for structure damage against the grant award.

There are several important points about our subrogation interest:

- First, even after receiving their grant from MDA, some recipients had not received full compensation for their structure damage. No insurance payment will be offset until these grant recipients receive full compensation for their structure damage.

- Second, insurance payments received prior to grant closing will be treated the same as those received after grant closing.

- Third, the subrogation interest will not put any grant recipient in a worse position because they pursued a claim against their insurance company. For example, MDA will allow attorneys fees to be paid prior to offset.

- Fourth, the State only has a potential subrogation interest in damage to "structure." We will not take any portion of insurance payments for damage to "contents," "loss of use," or any coverage other than damage to "structure."

- Finally, all monies collected subject to these subrogation agreements will be returned to the CDBG program and re-deployed to other uses.